

Message Text

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PAGE 01 ATHENS 03078 130948Z
ACTION AID-31

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FM AMEMBASSY ATHENS
TO SECSTATE WASHDC 5417

UNCLAS ATHENS 3078

E.O. 11652 N/A
TAGS EAID, GR
SUBJECT: GREEK JOURNAL ARTICLE ON PROBLEMS STEMMING FROM 50-50 U.S.
FLAG REQUIREMENT OF AID LOAN

1. THE FOLLOWING ARTICLE APPEARED IN THE APRIL 12 EDITION OF
THE GREEK ECONOMIC JOURNAL "NAFTEMBORIKI": "PROBLEMS IN THE
UTILIZATION OF \$65 MILLION U.S. LOAN - SERIOUS PROBLEMS ARE
ARISING IN UTILIZING THE \$65 MILLION AID COMMODITY IMPORT
LOAN AGREEMENT SIGNED BETWEEN U.S. AND GREECE. THESE PROBLEMS
DERIVE MAINLY FROM U.S. LEGISLATION, WHICH STRICTLY PROVIDES
FOR THE TRANSPORT OF COMMODITIES FINANCED THROUGH THE ABOVE-
MENTIONED AGREEMENT BY U.S. FLAG VESSELS, WHOSE FREIGHT CHARGES
ARE MUCH HIGHER THAN THOSE OF OTHER COUNTRIES. HIGH FREIGHT
RATES, THEREFORE, CAUSE PROBLEMS IN THE UTILIZATION OF THIS \$65
MILLION LOAN, DESPITE AUTHORIZATION FOR A LONGER LIST
OF PRODUCTS WHICH MAY BE IMPORTED FROM THE U.S. THROUGH THIS
AGREEMENT"

2. COMMENT: THE ARTICLE IS SOMEWHAT MISLEADING IN ASSERTING
THAT U.S. FREIGHT RATES ARE HIGHER THAN THOSE OF OTHER COUNTRIES,
SINCE THESE RATES DO NOT DIFFER FROM THOSE OF OTHER
CONFERENCE MEMBERS. HOWEVER, SINCE MUCH OF GREEK SEA
FREIGHT IS CARRIED BY NON- CONFERENCE BOTTOMS, THE 50-50
U.S. FLAG CLAUSE DOES, IN FACT, SERVE TO INCREASE SHIPPING
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COSTS TO GREEK IMPORTERS OF U.S. GOODS. THE EMBASSY
HAS HAD NUMEROUS COMPLAINTS FROM IMPORTERS OF U.S. PRODUCTS
COMPLAINING THAT, BETWEEN THE EXTRA PAPERWORK INVOLVED IN
THE CIP LOAN AND THE U.S. FLAG SHIPPING REQUIREMENT,
IMPORTING FROM THE U.S. IS BECOMING MORE TROUBLE THAN IT
IS WORTH. ON THE OTHER SIDE, THE BANK OF GREECE FEARS IT
WILL NOT BE ABLE TO UTILIZE THE ENTIRE \$65 MILLION BY THE

DEADLINE AND IS STILL CONSIDERING ASKING FOR AN EXTENSION,
DESPITE OUR EFFORTS TO DISCOURAGE THIS.
MCCLOSKEY

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NNN

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